GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:448
ANSWERED ON:23.02.2001
WORLD BANK LOAN FOR INFRASTRUCTURAL FACILITIES
BHAWANA GAWALI (PATIL);HARIBHAU MAHALE

Will the Minister of FINANCE be pleased to state:

[a] whether the World Bank has again started funding of projects for creation of infrastructural facilities in Uttar Pradesh, Jharkhand, Maharashtra, and other States.;
[b[if so, the details of the loan provided in this regard;
[c] the financial reforms and the power sector reconstruction programmes placed under `Human Need` category; and
[d] the terms and conditions prescribed in regard to the loan provided to the State Governments particularly of Uttar Pradesh?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (Shri Gingee. Ramachandran)

[a] The World Bank resumed funding projects for creation of infrastructural facilities after a brief gap post Pokharan II when infrastructure projects were not taken to the Board by the World Bank management on account of expected opposition from countries, which had imposed sanctions. There is no restriction on funding infrastructural projects in any state of India though the Bank is focussing on certain reforming states.

[b] The recent infrastructure projects sanctioned by the World Bank are as under:-

1. Rajasthan Power Restructuring USD 181 Million.

2. Gujarat State Highway USD 381 Million.

3. IREDA-II USD130 Million.

4. National High Way USD516 Million.

5. TA for telecom Sector USD 62 Million
6. UP Power Sector Reform USD 150 Million

7 AP Power USD 210 Million

[c] `Finance Reforms` as such and `power sector restructuring programme` were not amongst `human needs` category which was exempt from sanctions.

[d] The World Bank does not provide loans to State Governments directly. The Government of India on lends the receipt under loans in State Sector as Additional Central Assistance under standard terms of 70% loan and 30% grant (10% loan and 90% grant in certain specific states). The loan is for 20 years with 5 years grace period and carries 12.5% rate of interest